

01 JUL 1975

MEMORANDUM FOR: Chief, Plans and Programs Staff, OL

SUBJECT : Fighting Inflation and Reducing Daily
Operating Costs

REFERENCE : Multiple Adse Memo dtd 12 June 1975 fr
D/L, same subject

I. Listed below is the April through June quarterly report on the anti-inflation and cost-reduction measures being taken by the Logistics Services Division/OL.

Anti-inflation Measures

Status - Problems and/or Suggested
Improvements; Resulting Dollar Savings

1. Paper Conservation

✓ a. Reuse of envelopes and folders. A 90-day study of reusable plastic envelopes to determine their practicality as a substitute for standard paper envelopes has been concluded by the Records Management Office (RMO).

Of the 4,000 plastic envelopes distributed to various offices for testing purposes, only 100 have been returned to RMO. They have recommended the program be dropped and no more reusable plastic envelopes will be purchased or distributed. Address labels are provided by Building Services Branch (BSB) Supply Room so that paper envelopes can be re-used more frequently, but because of the increase in the volume of Agency mail, the purchase of paper envelopes has not reduced significantly.

X b. Production of paper tablets from scrap paper by the Printing and Photography Division (P&PD). These tablets are allocated to the BSB Supply Room at negligible cost to P&PD and no cost to the customer.

This paper conservation measure is operating well and has resulted in 4th Quarter dollar savings as follows:

<u>Tablets Produced</u>	<u>\$ Savings</u>
300 (3x5)	\$ 38.75
200 (5x8)	34.00
250 (8x10)	292.50
	<u>\$ 365.25</u>

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c. Elimination of duplicate courier receipt forms in use by Agency courier services.

Three standard courier receipt forms will be required for Secret, Top Secret, and Code Word material in lieu of a single receipt form as previously reported. This action will be delayed until OL takes over complete Agency courier system.

2. Energy Conservation

a. Reduction in gasoline consumption due to a decrease in miles traveled by Agency vehicles as a result of consolidation of the garage facility at Headquarters and consolidation of the Agency courier services.

To date, complete statistics on 4th quarter monthly vehicle mileage have not been compiled. We expect that compatible data for the 4th quarters of FY 74 and FY 75 will show that monthly mileage and gasoline consumption during the 4th quarter FY 75 will have increased, because of greater Agency vehicle usage.

3. Cost Reduction Measures

a. Elimination of 10 courier positions, 5 to 8 vehicles and a reduction in courier runs as a result of the courier service consolidation measures.

The net effect of the courier consolidation will not be felt until FY 76.

b. Savings in the Mail and Courier Branch because of closer monitoring of Penalty Indicia Postage and by delivering, via courier, mail which used to be sent through the postal system.

This action has resulted in 4th quarter FY 75 savings of approximately \$12,500.

c. Reissuing overhauled manual typewriters by BSB.

During the 4th quarter FY 75, BSB has issued 36 overhauled manual typewriters at a total savings of \$5,760 (36 x \$160 new purchase cost).

ADMINISTRATIVE — INTERNAL USE ONLY

SUBJECT: Fighting Inflation and Reducing Daily Operating Costs

X d. Utilization of BSB storage room for stocking reissuable unitized metal furniture items, thus reducing the number of metal furniture requests filled by []

This room is too small to be used as an efficient storage area for unitized metal furniture for reissue. Therefore, it should not be considered as a cost reduction measure and should be dropped from the list.

✓ e. Elimination of non-essential administrative supply items from the BSB Supply Room.

No customer resistance has been observed. Continue program of eliminating non-essential supply items.

X f. Increase minor work orders in Space Maintenance and Facilities Branch (SM&FB) from \$50 to \$100 limit per request. This procedure has reduced paperwork for both SM&FB and General Services Administration (GSA).

During the 4th quarter of FY 75, 196 minor work orders were in this category resulting in savings of \$3,920 (196 x \$20 average cost for processing one minor work request).

✓ g. Review of the [] SM&FB to improve internal control and eliminate one machinist position.

The machinist position, a WG-11 with an annual salary of \$12,480, was eliminated in []. This resulted in a 4th quarter reduction in personnel salary of \$3,120.

✓ h. Repair and reissue of serviceable stock wall clocks by the BSB Supply Room.

During the 4th quarter a BSB Supply Room assistant repaired 25 non-functioning wall clocks which had been turned in, resulting in a savings of \$202.50 (25 x \$8.10/new clock).

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II. Listed below are new cost reduction and anti-inflation measures initiated by the Logistics Services Division (LSD) which will be implemented during FY 76.

1. Paper Conservation - LSD/BSB has requested the Supply Division to:

a. Transfer 1,903 reams of odd-size paper (no longer standard stock issue) to P&PD to be made into 8" x 10 1/2" paper tablets. These tablets are allocated to the BSB Supply Room at negligible cost to P&PD and no cost to the customer. The FY 76 cost savings are estimated to be \$11,132.55.

Cost per 8" x 10 1/2" tablet =	\$	1.17
5 tablets produced/ream	=	\$ 5.85
\$5.85 x 1,903 reams	=	<u>\$ 11,132.55</u>

b. Transfer 87,500 manila envelopes, preprinted to P&PD. The address will be blacked out and the envelopes allocated to the BSB Supply Room for stock issue at negligible cost to P&PD and no cost to the customer. The FY 76 estimated cost savings are \$2,748.00.

9 1/2" x 12" envelopes @ \$2.45	
/box 100 x 485 boxes	= \$ 1,188.00

12" x 16" envelopes @ \$4.00	
/box 100 x 390 boxes	= <u>\$ 1,560.00</u>

\$ 2,748.00

c. Transfer 8,900 kraft folders (nonstandard size - 11 3/4" x 9 1/2") which were to be disposed of, to the BSB Supply Room for issue. The estimated cost savings are \$578.50 (\$6.50/box 100 x 89 = \$578.50).

2. Recently BSB has initiated a program of saving the boxes in which Supply Room stock items are packaged. These boxes, which traditionally were disposed of, are knocked down, stored and reissued to customers upon request in lieu of new record center boxes. The record center boxes will be used only for archives material and records retirement. Also note that BSB

SUBJECT: Fighting Inflation and Reducing Daily Operating Costs

is using plastic boxes (designed originally for use in the vertical conveyor system at Headquarters which is no longer operational) in lieu of record center boxes for transporting desk accessories and supply items during office moves. Hopefully, these measures will reduce BSB orders for record center boxes by 50% in FY 76 at an estimated cost savings of \$5,900 (during FY 75 BSB purchased 31,250 boxes at a total cost of \$11,812).

X
III. Projected Cost Savings Resulting from the Office Excellence Furniture and Furnishings Program

1. LSD embarked on a full-scale program of improving the Agency's working environment by implementing the contour landscaping and Office Excellence theories. Attached is a recapitulation showing the number of unitized metal work stations in the Washington metropolitan area, the inventory value of this furniture, the cost of replacing it with Office Excellence, and the cost to rehabilitate the metal unitized in the Office Excellence mode. By going the rehabilitation route (the program calls for rehabilitating all Agency unitized metal over the next 6-7 years) we would achieve a total savings of nearly \$3,600,000 or approximately \$500,000 annually.

2. We have determined that the fabric covered acoustical panels manufactured by Rose Manufacturing Company will be used as a standard item insofar as contour landscaping is concerned. In establishing this standard, it was noted that we have a substantial supply of part-height partitions in storage and thousands of linear feet in use. Therefore, we proposed soundproofing these units and have requested Pruitt Manufacturing Company to rehab two sample panels, i.e., soundproofing the hollow interiors, replacing the upper glass portions with a soundproofing panel, and upholstering the panels with the approved GSA Office Excellence fabrics. Pruitt's estimated cost per 6-foot panel was \$60 as compared to \$200 - plus per 6-foot Rose panel or \$114 for the GSA stores stock panel. The rehabbing of part-height partitions or the purchase of new panels is a one-time cost and by going this route we will save a considerable amount of money. The Agency annual expenditure for part-height partitioning is estimated to be \$600,000; based on a \$25 per linear foot installation cost and a \$20 per linear foot removal cost. Thus, to remove and reinstall 6 feet of paneling now costs \$270; using a 6-foot Rose panel at a one-time cost of \$200 would save \$70 for each 6 feet involved; the Pruitt estimate of \$60

SUBJECT: Fighting Inflation and Reducing Daily Operating Costs

for rehabbing our part-height partitions would save \$210 per each 6 feet of paneling. By projection, we have a possible annual savings of 78% or \$468,000.

X 3. Presently we have large stocks of the more unpopular Class A furniture items which are being phased out, i.e., leather sofas (15 in stock), upholstered arm chairs (24 in stock) and conference or straight leg chairs (268 in stock). We propose to have Pruitt Manufacturing Company reupholster these items (where needed) using the GSA-approved fabrics in an effort to "sell" customers the traditional as opposed to the modern Patrician-type sofas and chairs on Schedule.

a. Cost of new Patrician sofa upholstered in Knoll fabric	\$ 485.00
Cost of new Patrician sofa upholstered in GSA fabric	\$ 250.00
Cost of Class A Traditional sofa reupholstered with GSA fabric by Pruitt Manufacturing Company	\$ 101.00
Cost Savings - from \$385.00 to \$150.00 per sofa	
b. Cost of new Patrician arm chairs upholstered in Knoll fabric	\$ 220.00
Cost of new Patrician arm chairs upholstered in GSA fabric	\$ 126.00
Cost of Class A Traditional arm chair reupholstered with GSA fabric by Pruitt Manufacturing Company	\$ 40.00
Cost Savings - from \$180.00 to \$86.00 per chair	

SUBJECT: Fighting Inflation and Reducing Daily Operating Costs

c. Cost of new Class A
unitized wood straight
chair \$ 88.36

Cost of Class A Traditional
straight chair reupholstered
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Cost Savings - \$52.00 per chair



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Metal Unitized Work Stations in the Metropolitan Area

Without 2 drawer safe files	5,355
With 2 drawer safe files	<u>3,145</u>
Total	8,500

Average cost of present metal unitized work station

Without 2 drawer safe	\$326.92
With 2 drawer safe	\$631.42

Average cost of rehabilitating metal unitized work station

Without 2 drawer safe	\$105.75
With 2 drawer safe	\$117.75

Present inventory value of metal unitized furniture	\$2,778,820.00
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Cost to replace with Office Excellence Furniture:

\$531.00 x 8,500	\$4,515,500.00
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Cost to rehab metal unitized in Office Excellence Mode:

Furniture	\$878,875.00	
Safe files	<u>\$ 37,740.00</u>	<u>\$ 936,615.00</u>

Total Savings:	\$3,576,885.00
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